After Merger With PSA, Chrysler’s Brand Future Is Uncertain

The Chrysler brand is nearly 100 years old—and may soon be kaput.

Its fate hangs in the balance after shareholders of Fiat Chrysler and PSA Group—a French auto manufacturer best known for the Peugeot and Citroën brands—have approved a merger that’ll see the two companies combine to become Stellantis.

Set to soon become the fourth largest automaker in the world behind Volkswagen, Toyota and Renault-Nissan, the new company will oversee at least 14 brands including Fiat Chrysler’s lineup of Jeep, Dodge and Ram, as well as the Chrysler nameplate.

But, as the Associated Press first reported, despite Chrysler’s well-earned spot in the annals of automobile history, the brand could now be within Stellantis’ crosshairs. Executives are reportedly looking to modernize and revive their respected brands in the face of a competitive industry currently undergoing an electrical transformation.

“Some things won’t be able to stand on their own without cannibalizing other products,” said Alexander Edwards, president of the auto consulting firm Strategic Vision.

Keeping up with consumer tastes

This isn’t Chrysler’s first brush with death. Following the 2008 Great Recession, the company filed for bankruptcy. In 2014, it was purchased by Fiat, merging the two brands into

Fiat Chrysler.

Across a diverse and better-performing lineup as part of that newly formed company, Chrysler was left selling only minivans (the Chrysler Pacifica) and sedans (the Chrysler 300).

Unfortunately, those models aren't what car buyers today want: Pickups, crossovers and SUVs accounted for nearly 75% of new auto purchases in 2019.

"When you have a parent company that has multiple brands, you have to find a niche for each of them. Chrysler was a bit of a sacrificial lamb in terms of its product lineup," said Jessica Caldwell, executive director of insights at Edmunds. "I think they thought they'd always have that market, but we've continued to see SUVs eat into that share."

Despite the disruption Covid-19 has wreaked on the auto industry, Fiat-Chrysler posted a net profit of $1.4 billion in Q3. But Chrysler wasn't a bright spot for the company: Within that number, Chrysler only accounted for 6% of U.S. sales. Meanwhile, Ram pickups and Jeep accounted for more than 78%.

"One of the greatest strengths of Stellantis will lie in its unmatched portfolio of iconic and storied brands," said a FCA spokesperson when asked about the possibility of cutting Chrysler, adding that there will be no plant closures resulting from the merger. "This merger and the resources it will release are great news for those brands and their plans to develop ever more outstanding and innovative products for their customers worldwide."

Chrysler's future may be unknown, but the rest of FCA's lineup is likely to fare better.

"They know that Jeep, Ram and the Dodge models are doing really well," Edwards said. "I believe the people at PSA are

smart enough not to tinker with things that don’t need to be tinkered with.”

Recommended articles
https://www.adweek.com/brand-marketing/fiat-chrysler-psa-merger-brand-future-uncertain/